

## Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01

INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15

ICA-11 IO-13 HA-05 /096 W

-----005274 030720Z /11

R 030100Z MAY 78

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 9229

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMCONSUL HONG KONG

CINCPAC

USLO PEKING

AMEMBASSY KUALA LUMPUR

CONFIDENTIAL VIENTIANE 0503

CINCPAC FOR POLAD

E.O. 11652: XGDS-4

TAGS: PINS ECON PGOV VM CH

SUBJECT: SOUTH VIET NAM AFTER THE MARCH NATIONALIZATION CAMPAIGN

REF: KUALA LUMPUR 3371

SUMMARY: TWO SOURCES CONFIRM THAT UNREST AND POPULAR  
RESENTMENT CHARACTERIZE THE SITUATION IN CHLON AND THE  
REST OF SOUTH VIET NAM IN THE WAKE OF THE MARCH 23  
NATIONALIZATION. THERE IS ONE REPORT OF A RIOT. ANTI  
FOREIGN SENTIMENT IS COMMON, AND FARMERS ARE CUTTING  
PRODUCTION AS A RESULT OF LOW GOVERNMENT-FIXED PRICES.  
THE SRV ADMINISTRATION, HOWEVER, SHOWS NO SIGN OF  
CHANGING ITS POLICIES. END SUMMARY.

1. A WESTERN SOURCE RESIDENT IN HANOI TOLD EMBASSY  
OFFICERS MAY 1 THAT HE HAD TRAVELED TO HO CHI MINH CITY  
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MARCH 27, FOUR DAYS AFTER THE SRV MOVED TO NATIONALIZE  
SAIGON'S PRIVATE ENTERPRISE. HE SAID THAT CHOLON WAS  
PARTICULARLY DEPRESSING WITH ALL THE SHOPS SHUTTERED  
AND WITH THE ONLY SIGN OF ACTIVITY BEING SMALL GROUPS  
OF SOLDIERS CONDUCTING INVENTORIES, OUR SOURCE SAID  
THAT THE SHOPS' STOCK WAS BEING TAKEN OVER BY THE  
GOVERNMENT AT LOW, FIXED PRICES FOR RESALE TO THE

PUBLIC THROUGH STATE STORES.

2 OUR SOURCE SAID THAT SHORTLY AFTER THE NATIONALIZATION CAMPAIGN WENT INTO EFFECT MARCH 23, THE CHOLON CHINESE STAGED A PRO-PRC DEMONSTRATION DEMANDING CONTACT WITH THE PRC EMBASSY IN HANOI SO THAT THEY COULD BE PROCESSED FOR REPATRIATION TO THEIR HOMELAND.

3. A SEPERATE WESTERN DIPLOMATIC SOURCE RESIDENT IN HANOI TOLD AN EMBASSY OFFICER APRIL 30 THAT SHE HAD RECEIVED ONE REPORT THAT THE DEMONSTRATION HAD BECOME VIOLENT AND THAT SRV TROOPS HAD FIRED INTO THE RIOTING CROWD KILLING SOME AND INJURING MANY. THIS SECOND SOURCE SAID THAT, IN ADDITION TO DEMANDING REPATRIATION TO THE PRC, THE CHOLON DEMONSTRATION WAS PROTESTING THE SRV CAMPAIGN TO NATIONALIZE PRIVATE CONCERNS. SHE SAID THAT SHE HAD RECEIVED ONE REPORT THAT THE VIOLENCE MAY HAVE BEEN SPARKED BY ONE CHINESE FAMILY'S REFUSAL TO SEND THEIR SON TO JOIN THE ARMY, CLAIMING THAT HE WAS A CHINESE CITIZEN AND WAS, THEREFORE, EXEMPTED FROM VIETNAMESE MILITARY SERVICE.

4. THE WESTERN DIPLOMATIC SOURCE SAID THAT SHE HAD GENTLY ASKED THE PRC AMBASSADOR ABOUT THE STATUS OF CHOLON CHINESE. SHE WAS TOLD THAT THE PRC EMBASSY

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IN HANOI WAS UNABLE TO GO TO HO CHI MINH CITY IN ORDER TO DOCUMENT THE CHINESE FOR REPATRIATION TO THE PRC. OUR SOURCE SAID THAT, IN PRINCIPLE, THE PRC COULD OPEN A CONSULATE IN HO CHI MINH CITY BUT, IN FACT, WOULD NOT PERMITTED TO DO SO. (NEITHER ARE THE SOVIETS.)

5. OUR FIRST SOURCE (THE ONE WHO TRAVELED TO HO CHI MINH CITY AFTER THE RIOTS) SAID THAT HE HAD NOTICED CONSIDERABLE ANTI-FOREIGN SENTIMENT IN SAIGON. HE SAID THAT HAD HE NOT MADE IT CLEAR HE WAS NEITHER RUSSIAN NOR AMERICAN, HE WOULD HAVE BEEN SPAT AT. THE RUSSIANS WERE HATED FOR THEIR CRUDE, OVERBEARING MANNER, WHILE THE AMERICANS WERE HATED FOR HAVING ABANDONED THE SOUTH VIETNAMESE. HE SAID THE FRENCH WERE COMING BACK INTO VOGUE.

6 ACCORDING TO THIS SOURCE, STOCKS OF CONSUMER ITEMS SUCH AS KLEENEX LEFT OVER FROM THE AMERICAN PERIOD WERE STILL AVAILABLE IN VIET NAM. SHIPMENTS OF THEM WERE PERIODICALLY SHIPPED NORTH TO BE SOLD IN THE DIPLOMATIC STORE IN HANOI. OUR SOURCE DID NOT KNOW WHAT WOULD HAPPEN WHEN THESE STOCKS WERE EXHAUSTED,

THOUGH THE VIETNAMESE BLACK MARKET RECEIVED SUPPLIES FROM TIME TO TIME FROM THE CREWS OF EAST EUROPEAN SHIPS.

7. RICE PRODUCTION WAS FALLING IN THE SOUTH, ACCORDING TO THIS SOURCE. THE FIXED PRICE AT WHICH THE GOVERNMENT BOUGHT RICE FROM FARMERS WAS TOO LOW TO MAKE IT WORTH THEIR WHILE TO PRODUCE BEYOND THEIR OWN NEEDS FOR SALE TO THE STATE.

8. WE ASKED THIS SOURCE WHETHER THERE SEEMED TO BE ANY REALIZATION ON THE PART OF SRV CADRES THAT WHAT WAS HAPPENING IN THE SOUTHERN INDICATED THAT THERE MIGHT BE SOME BASIC FAULTS IN SRV

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POLITICAL AND ECONOMIC DOCTRINE. OUR SOURCE SAID THERE WAS NO EVIDENCE OF ANY SUCH REALIZATION WHATSOEVER. DESPITE SOUTHERN RESENTMENT, AN OBVIOUSLY HIGHER LEVEL OF WARTIME PROSPERITY IN THE SOUTH, AND THE CURRENT DETERIORATION OF CONDITIONS IN THE SOUTH, SRV CADRES AND OFFICIALS WERE STILL TRUE BELIEVERS.

9. COMMENT: WE IN EMBASSY VIENTIANE BELIEVE IT IS NOTABLE THAT THE PROCEDURES THE SRV EMPLOYED FOR NATIONALIZING PRIVATE CONCERN IN HO CHI MINH CITY MARCH 1978 WERE SIMILAR IF NOT EXACTLY THE SAME AS THOSE USED BY THE LAO AS EARLY AS OCTOBER 1976 IN VIENTIANE. NOT ALL SHOPS WERE CLOSED HERE, HOWEVER, AND THERE IS STILL PRIVATE TRADING IN THE LPDR.

ROBERTS

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NNN

## Message Attributes

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